

IOWAccess Project 7

Business & Professional License Online Information System



Mission

Provide an efficient and convenient electronic information system for businesses, professionals, and citizens to obtain information about regulatory requirements, and to access business and professional licenses and permits from government agencies. The system will also provide access to available business and community economic development assistance.

List of Members

Phil Dunshee, Iowa Department of Economic Development, Co-Lead
Roger Halvorson, Professional Licensing Division; Iowa Department of Commerce, Co-Lead
RJ Baker, Cherokee County Economic Development
Bob Cecil, Economic Development Administration
Kathy Clasen, Department of Natural Resources
Cheryl Eftink, Small Business Administration
Rich Jacobs, Department of Revenue and Finance
Linda King, Department of Economic Development
Terry Martin, Association of Engineers
L.D. McMullen, Des Moines Waterworks
Ronald E. Nielsen, Mosebach Griffith & Co. PC
Tim Ostroski, Southern Iowa Council of Governments
Mark Shoeberl, Department of Public Health
Greg Spenner, Mount Pleasant Chamber of Commerce

Previous Project Leaders for IDED

Mark Laurenzo (Now with Iowa State University)
Leon Schwartz (Now with the Iowa Department of Personnel)

Staff

Arlinda McKeen, State Public Policy Group
Andy Warren, State Public Policy Group
Julie Blum, State Public Policy Group

Table of Contents

Section 1 ■ Approach	5
Section 2 ■ Cost/Benefit Analysis	9
Section 3 ■ Evaluation.....	10
Section IV ■ Future Plans – Conclusions & Recommendations.....	12
Sustainability	12
Expansion.....	13
Future Opportunities.....	13

Section 1 ■ Approach

Businesses, professionals, and citizens currently may access business or professional license information by either contacting the Business License Information Center at the Iowa Department of Economic Development or by communicating directly with the appropriate government agencies. The Business License Information Center responds to customer inquiries by providing printed materials regarding business licenses or permits. Other agencies with permitting or licensing requirements also predominantly conduct their transactions through the distribution of printed materials.

The purpose for creating a Business and Professional License Online Information System was to create an efficient medium for businesses, professionals, and citizens to access information about government regulations, licenses, and permits relating to starting a business or entering an occupation. An online electronic medium would provide the means to consolidate or link the information into a system that would allow customers to access information about multiple government requirements through a single point of contact.

The underlying objective for the Business and Professional License Online Information System is to create a stronger climate for starting and expanding business in the State of Iowa. Businesses strongly support improvements in government efficiency and changes that would make it possible to obtain information through a coordinated system as indicated in the Business Technology Survey conducted in December, 1997 by Selzer Company Inc. Making it easier and more efficient for businesses, professionals, and citizens to work with government will help achieve the Governor's goal of increasing the growth of existing business and industry in Iowa. This goal has been one of the key economic development issues in the Governor's Budgeting For Results system.

The Business and Professional License Online Information System also provides a medium for facilitating collaboration among different departments within state government as well as with federal agencies and local governments. With this in mind, the approach to developing the System accounted for the necessity to develop stronger formal and informal working relationships among the people who work within the separate government regulatory and licensing organizations. Those working relationships will perhaps be the most important requirement for sustaining the system in the future, because that is how the information included in the system will be kept current. These individuals will provide the actual services to the customers who gain access through the System.

The development of the Business and Professional License Online Information System involved the following major components:

- Design the Business License and Regulation Database.

- Develop the Internal Administrative User Interface.
- Populate the database with current license and regulation information.
- Develop the Internet Customer Interface.
- Develop interagency protocols for maintaining information and responding to customer queries.
- Develop policies and procedures for managing online professional license transactions.
- Implement plans for sustaining and institutionalizing the System beyond the life of the IOWAccess project.

Business License and Regulation Database. American Computer Systems (ACS) was engaged as the contractor to develop the primary software and the database architecture for the Business and Professional License Online Information System. One of the primary tasks in the development of the database was to “map” the license and regulation information to different types of businesses using the North American Industrial Classification System (NAICS).

Internal Administrative User Interface. The software developed by ACS provides an interface which enables the System operator at IDED to search for business license and regulation information using the NAICS classification system or through a key word search. The development of this interface was a precursor to the creation of the internet-based access system. IDED will continue to respond to direct customer queries concerning business license information via a toll-free telephone number or electronic mail.

Populate the Database. Business and professional licensing information and regulatory information administered through the following state departments have been incorporated within the System database: Revenue and Finance, Inspections and Appeals, Agriculture and Land Stewardship, Workforce Development, Commerce, Natural Resources, Transportation, Public Safety, Health, and Education. Information included in the database covers a wide range of license and regulation information from sales tax permits to teacher licenses.

In addition to business specific license information, the database also includes a variety of information about licenses and regulations for “activities” that are not associated with specific business types (e.g., water usage).

Internet Customer Interface. Iowa Interactive, through IOWAccess Project 1, was engaged to provide the “front door” for external customers to access the business and professional license information via the Internet. The first generation Internet Interface for the Business and Professional License Online Information System became operational in October 1998.

The project team relied heavily on previous experience with handling business license information during the design and programming phase of the database. The project team believed that customer input would be most beneficial during the development of the Internet Interface.

However, delays in the development of the Interface limited the opportunity for substantial customer input during the project period. Enhancements to the customer interface have been implemented during the final weeks of the period, and further improvements are expected as the System becomes institutionalized. Methods for securing additional customer input are being incorporated as System enhancements are designed and implemented. For example, an online survey has been added to the System which will allow for ongoing customer feedback.

Interagency Protocols. Customers who access information from the System must be assured, to the extent possible, that the information on the System is complete and accurate. While the System may be administered or coordinated through a central point, the process for maintaining current information in the System must be decentralized. The individual units of government who are responsible for administering the licensing and regulatory requirements must be relied upon to help maintain the information. Initial efforts to populate the database involved the distribution of surveys to state departments. Some departments were contacted by project staff who assisted with the compilation of licensing and regulatory information. Further steps to establish formal protocols with other government agencies to gather and maintain information for the System will be required beyond the point of project completion.

Online Transactions. One of the objectives of the project was to provide a pilot demonstration of an online transaction relating to the issuance or renewal of a license or permit. Project plans specified that a license administered by the Professional Licensing Division of the Department of Commerce would serve as an appropriate demonstration.

Online transactions are being addressed as an element of the sustainability plan, because a demonstration of an electronic license renewal was delayed until the final months of the project period. Factors contributing to the delay of this element of the project included the following:

- Delayed activity pending the completion of legislative debate concerning electronic or digital signatures.
- The high level of resources and time required by the Business and Professional License Online Information System.
- Uncertainty about the feasibility for transferring legacy systems used in the Professional Licensing Division from a main frame platform to a network server platform.
- Policy and budget issues relating to the implementation of credit card transactions.

During the project period it was determined that progress on online transactions could be made in the absence of legislation authorizing electronic signatures, and that Internet access could be provided for professional license renewal using the legacy computer systems in the Department of Commerce. Issues relating to credit card transactions continued to be addressed as the project period came to a close.

Notwithstanding the delays in developing a demonstration project for online license renewal, Iowa

Interactive, IOWAccess, and representatives from the Department of Commerce have developed a demonstration of online license renewal for Engineers and Land Surveyors. The demonstration project, which will involve approximately 3000 license renewals, will be operation on December 16, 1998.

Some of the policies and procedures involved in the license renewal process are being modified to accommodate online transactions. For example, the renewal form has been revamped to eliminate signatures; the listing of actual continuing education courses taken is being replaced with a statement of total hours claimed, and an audit process is being established to monitor compliance. A two-page renewal form is being replaced with a single page application. In preparation for the online renewal process, personal identification numbers (PIN) are being assigned to license holders seeking renewal.

Institutionalizing the System. The Iowa Department of Economic Development recognized at the inception of the project that the implementation would require a substantial institutional commitment beyond the project period. The Department has taken steps to incorporate the Business and Professional License Online Information System into the operations of the IDED Small Business Resource Office. Additional information about plans to sustain the System are provided in Section IV.

Section 2 ■ Cost/Benefit Analysis

The Business and Professional License Online Information System is to be the next generation of the Business License Information Center created, planned, and implemented by IDED with the active involvement of several other participating state agencies. Organizational costs incurred prior to December, 1997 for the previous Business License Information Center and for planning the new System were borne largely by IDED. Other state agencies also incurred costs in the data gathering process for both the old and new systems.

Programming and equipment installation for the new system occurred January, 1998 through August, 1998. The IOWAccess Steering Committee allocated a budget of \$190,000 for the Business and Professional License Online Information System, and those resources were applied to these activities. The majority of the project expenditures - \$140,000 - were for programming costs. Another \$50,000 was expended on equipment and software. Additionally, the Iowa Department of Economic Development has allocated substantial human resources as well as supplemental financial resources to complete the project during fiscal year 1999.

Although IOWAccess has funded the initial development of the new System, it is certain, based upon experience from this project, that there will need to be substantial follow-on investments, both from the Iowa Department of Economic Development and other participating agencies (state, local, federal). These additional investments will be needed for continued development and refinement of the system infrastructure, database population, and ongoing maintenance. (See Section IV. for further detail on sustaining the project.)

The new System will create some benefits and efficiencies for departments as well as for businesses and citizens. But it is likely that the efficiencies and cost savings will be marginal. The benefits and efficiencies will occur in areas such as shorter response times, and easier, quicker access to the System. The Business and Professional License Online Information System actually should be viewed as a whole new, value-added activity. It will not replace the original, paper-based system that is handled through phone calls and fax machines. That system will continue for the foreseeable future. The new system is another approach for state government to improve customer service. If there are to be direct cost savings, they will not be known until the new system has been implemented for some time.

The future use of the System for online license renewals will likely result in both administrative efficiencies as well as changes in transaction costs. The costs and benefits of this type of online application process remain to be seen. However, it is anticipated that any electronic renewal process will bring an increased usage of credit card transactions. Increased online transactions are projected to reduce the turnaround time for some professional license renewals from five days to one or two days. Turnaround time may be further reduced in the future if renewed licenses are issued electronically.

Section 3 ■ Evaluation

Evaluation of the project has been ongoing throughout the period. This has included periodic reviews of the steps in the process—vision and goals, project management, and future directions. Findings of the process evaluation include the following:

- The vision and focus of the project was too broad. It simply was unrealistic to include all levels of government—state, local, federal---in the goal of having a totally populated, operational database of license information.
- Turnover in the Project Manager position caused delays in the project timeline.
- A major player, Iowa Interactive, was brought into the project later than had been planned. The time and resources available for the development of the Internet access to the System was affected by this delay.
- Participation by the project team, while active early, declined over time, because the project focused primarily on state level licenses and regulations. Federal and local government components of the project were deferred, causing participants representing those organizations to lessen their time commitment to the project.

The deliverables of the Business and Professional License Online Information System—its architecture, the database, the administrative and web interfaces—have been evaluated by the project team. In a final demonstration session with them, they concluded that, despite the challenge of frequent project manager turnover, the System meets project requirements and expectations.

The following comments and suggestions were made by the Project Team in their final meeting on September 11, 1998:

- Make sure the key word search approach is user-friendly and the primary mode of entry into the system (beyond the other option of a hierarchical search by occupation or business type).
- Work with agencies in developing “ proxy words” that can replace the technical language of the North American Industrial Classification System, which is not as user friendly.
- Consider building an element into the System that will create a profile of users as a part of any long term evaluation for customer feedback activities.
- Engage the project team members when System enhancements are developed.
- Advise the legislature of the need for additional investment to maintain the System.

Other evaluation exercises of the System included a presentation to and review by the IDED Small Business Advisory Council and a survey request sent to past Business License Information Center (BLIC) users. At its meeting on December 2, 1998, the Online System was demonstrated

to the Council. They were asked for comments and recommendations. Members' comments were generally favorable, and they acknowledged the growth of the business license information system since its origin as a paper-based 800-number information system -- in the Summer of 1982. Suggestions from the Council included the following:

1. Making sure the system has some type of follow-up mechanism to ensure that the customer has received a timely response from the licensing agency.
2. Marketing the system to bankers, CPA's, attorneys, libraries, local economic development groups, and other entities that work with small businesses.
3. Installing a tracking element in the system that will give notification to previous users about license/permit changes and updates.
4. Performing database maintenance continuously to assure current information.

The survey of past BLIC users entailed a postcard mailer to 647 individuals, asking them to visit the site and participate in the evaluation survey. Preliminary survey responses indicate that the Online System is an excellent idea and, with some improvements, will be very useful and a time-saver. The survey has generated several suggestions for improvements to the System, including:

1. Remind the user to register with the local county courthouse, and identify other places they might need to register.
2. Clarify the meaning of the phrase "information not available" to distinguish between circumstances in which there is no information in the system and situations when there is no known license/permit for that business/occupation.
3. Include information about any continuing education requirements.
4. Add a frequently asked questions section.

The suggestions and recommendations that came from the Small Business Advisory Council and the survey of BLIC users will be studied and reviewed so they can be added to an ongoing list of system improvements.

Section IV ■ Future Plans – Conclusions & Recommendations

Sustainability

The Business and Professional License Online Information System will be sustained beyond the project period and will be institutionalized within the IDED Small Business Resource Office. IDED will continue to allocate human and financial resources for the administration and operation of the System. It will be integrated with existing technical assistance and referral services in IDED that typically respond to customer needs through more traditional means such as a 1-800 customer response system, facsimiles, and direct mail. In the near term it has been determined that an additional staff position is needed to develop and implement interagency information protocols to maintain current data on the system and to assure appropriate responses to customer referrals to state departments. This position will also assist with the process of expanding the system to include licenses and regulations from other state departments, as well as federal agencies and local governments.

IDED will be seeking an additional general fund appropriation for the Small Business Resource Office to provide the necessary long-term resources to maintain and update information on the System. These resources will also be used to develop further upgrades and enhancements to the System to improve customer access, and to provide for the necessary maintenance of hardware and software. For fiscal year 2000, IDED has requested an additional general fund appropriation of \$100,000 for these purposes.

The Business and Professional License Online Information System will be marketed to Iowa businesses, professionals, entrepreneurs, and citizens as a resource provided by IDED to help with business start ups and expansions. The information will also be available as a resource for IDED business development partners including the Small Business Development Centers, the John Pappajohn Entrepreneurial Centers, Iowa State University Extension, the Iowa Manufacturing Technology Center, local economic developers, and other key economic development partners.

Activities relating to the further development of online transactions for the renewal of professional licenses will be led by the Professional Licensing Division of the Department of Commerce in conjunction with resources provided by Iowa Interactive. The Division has requested an new general fund appropriation in the amount of \$35,000 for fiscal year 2000 to cover credit card and access fees associated with the online renewal system.

Expansion

The scope and scale of developing a business and professional license information system was significantly underestimated at the inception of the project. The number and complexity of licenses and regulations required for businesses by the State of Iowa is significant. While the resources provided to the project through IOWAccess made it possible to design and develop the system and database, it was not possible to expand the System to include local government or federal agency regulations and license requirements. Resources that are being requested to sustain the project may only be sufficient to maintain information about state licenses and regulations.

The project team believes that the System should eventually be expanded to include federal and local license and regulation information. However, the System should first be fully implemented and institutionalized as a information source for state licenses and regulations. Subsequent expansion of the System to include information other than for state licenses and regulation will likely require additional resources and a well-defined work plan. An estimate of additional costs cannot be made at this time, but it is likely that an investment comparable to the amount required to sustain the System in its current form would be required.

Future Opportunities

The implementation and maintenance of a state business and professional license information system will make it easier for businesses, professionals, and citizens to acquire information needed for business start ups and expansions. IDED will pursue ongoing improvements and refinements to the System to make it more useful and customer friendly. The System is one of the important strategies being implemented to improve Iowa's business climate, and to improve the perception among in-state and out-of-state business executives about doing business in Iowa. To the extent that these objectives are achieved, Iowa will experience further growth in existing business and industry.

The System also offers the possibility of serving as a medium for seeking improvements in the policies and processes implemented by individual state departments. As more is learned about how different departments implement license and regulation requirements, it is possible that best practices could be identified and shared. Opportunities for collaboration or organization changes may also emerge as the System is implemented and becomes mature. In this regard, IDED can incorporate the knowledge derived from the System in its Regulatory Assistance program activities.

Finally, the lessons learned from the professional licensing demonstration project for Engineers and Land Surveyors will pave the way for creating online renewal systems for many other professional licenses in Iowa.